

Delhi's Liquor Policy [UPSC Notes]

In February 2023, Delhi's Deputy Chief Minister Manish Sisodia was arrested and accused of providing undue benefits to liquor vending licensees. In this context, it is important to understand the Delhi liquor policy for the [IAS exam](#).

What is Delhi's Liquor Policy?

Proposed in 2020, it came into effect in November 2021.

- Delhi was divided into 32 zones with each zone having 27 liquor vends.
- **It aimed to end the liquor mafia and black marketing, increase revenue and improve the consumer experience, and ensure equitable distribution of liquor vends.**
- It marked the exit of the government from selling liquor — only private liquor shops would run in the city, and each municipal ward would have 2-3 vends.
- The government also made the rules flexible for licensees, such as allowing them to offer discounts and set their own prices instead of selling on MRP fixed by the government.
- So discounts were offered by vendors, which attracted crowds. After protests by the opposition, the excise department withdrew the discounts for some time.
- After the implementation of the new excise policy 2021-22, the government's revenue increased by 27 per cent, generating around Rs 8,900 crore.

Current Case:

- **CBI's action on Delhi excise policy:** The [CBI](#) named 15 individuals in its FIR filed in connection with the Delhi excise policy 2021-2022, with Sisodia topping the list.
- According to the FIR, some of the L-1 licence holders are issuing credit notes to retail vendors with the objective to divert the funds as an undue pecuniary advantage to public servants, showing false entries in their books of accounts to keep their records correct.

How did the Delhi Police EOW (Economic Offences Wing) get involved?

- The revised liquor policy proposed several changes to the existing policy like home delivery of liquor, the opening of shops till 3 am, and allowing licensees to offer unlimited discounts. These changes were proposed by a group of ministers (GoM) in the Delhi cabinet on May 2, 2022.
- Before the policy could be implemented, it was examined by the Chief Secretary and he **flagged "procedural lapses" and irregularities in the new policy.**
- On July 8, 2022, the Chief Secretary sent a report to Sisodia, who heads the excise department, asking for a reply to his questions. A copy of the report was also sent to Delhi Chief Minister Arvind Kejriwal and L-G Vinai Kumar Saxena on the same day. The chief secretary also

informed the EOW about the **alleged illegalities, cartelisation, and monopolies in the liquor trade, and asked it to investigate.**

What did the chief secretary's report say?

- According to the report submitted to the L-G and CM, Sisodia allegedly made changes to the excise policy without the approval of the L-G, such as allowing a waiver of Rs 144.36 crore on the tendered licence fee.
- Officials said that if any changes are made to a policy that has already been implemented, the excise department needs to place them before the cabinet, and forward it to the L-G for final approval. Any changes made without the approval of the cabinet and L-G are illegal, and in **violation of the Delhi Excise Rules, 2010 and the Transaction of Business Rules, 1993.**
- The report also alleged that Sisodia gave undue benefits to liquor licensees by revising the rates of foreign liquor and removing the levy of an import pass fee of Rs 50 per case of beer. This, according to the report, made foreign liquor and beer cheaper for retail, leading to a **loss of revenue for the state exchequer.**